EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For three-month and nine-month periods ended 30 September 2023
with
INDEPENDENT AUDITOR'S REPORT

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For three-month and nine-month periods ended 30 September 2023

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P. O. Box 55078
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Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأميرسلطان
ص. ب. 55078
جـده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of Emaar The Economic City

Introduction

We have reviewed the accompanying 30 September 2023, condensed consolidated interim financial statements of Emaar The Economic City ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023;
- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023, condensed consolidated interim financial statements of Emaar The Economic City and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Independent auditor's report on condensed consolidated interim financial statements (continued)

To the Shareholders of Emaar The Economic City

Emphasis of Matter

We draw attention to Note 1 of the condensed consolidated interim financial statements, which indicates that the Group incurred a net loss of SR 49 million during the nine-month period ended 30 September 2023 and, as of that date, the Group's current liabilities exceeded its current assets by SR 6,822 million. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our Conclusion is not modified in respect of this matter.

Emphasis of Matter - Comparative Information

We draw attention to Note 20 to the condensed consolidated interim financial statements, which indicates that the comparative information presented for the three-month and nine-month periods ended 30 September 2022 has been restated. Our conclusion is not modified in respect of this matter.

Other Matter relating to comparative information

The condensed consolidated interim financial statements of the Group for the three-month and nine-month periods ended 30 September 2022 excluding adjustments described in Note 20 to the condensed consolidated interim financial statements, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 9 November 2022. Furthermore, the consolidated financial statements of the Group as at and for the year ended 31 December 2022, and the condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2023 and for the nine-month period ended 30 September 2022 were also audited and reviewed by another auditor who expressed an unmodified opinion and an unmodified conclusion on those financial statements on 31 March 2023, 24 May 2023 and 9 November 2022 respectively.

As part of our review of the condensed consolidated interim financial statements as at and for the three-month and nine-month periods ended 30 September 2023, we reviewed the adjustments described in Note 20 that were applied to restate the comparative information presented for the three-month and nine-month periods ended 30 September 2022. We were not engaged to audit, review, or apply any procedures to the condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2022 and to the consolidated financial statements for the year ended 31 December 2022, other than with respect to the adjustments described in Note 20 to the condensed consolidated interim financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, based on review, nothing has come to our attention that causes us to believe that the adjustments described in Note 20 have not been properly applied.

For KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

Jeddah, 16 November 2023
Corresponding to 2 Jumada Al Awal 1445H

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	Three-month period ended 30 September		Nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited) (Restated Note 20)	**2023 (Unaudited)**	2022 (Unaudited) (Restated Note 20)
Revenue	5	**340,970**	61,998	**926,346**	226,916
Cost of revenue		**(120,049)**	(115,472)	**(447,612)**	(367,632)
GROSS PROFIT / (LOSS)		**220,921**	(53,474)	**478,734**	(140,716)
Other operating income	6	**49,091**	13,616	**126,360**	36,231
Selling and marketing expenses		**(12,532)**	(10,074)	**(32,373)**	(46,701)
General and administrative expenses		**(76,650)**	(66,822)	**(213,651)**	(220,922)
Impairment loss on financial assets and contract assets		**(11,321)**	(13,808)	**(18,138)**	(43,727)
Depreciation		**(9,002)**	(9,948)	**(26,992)**	(31,250)
Amortisation		**(144)**	(379)	**(557)**	(1,530)
OPERATING PROFIT / (LOSS)		**160,363**	(140,889)	**313,383**	(448,615)
Financial income		**--**	983	**797**	1,602
Financial charges		**(127,334)**	(84,875)	**(336,315)**	(195,631)
Gain on disposal of Property and equipment		**3,017**	--	**3,017**	--
Share of results of equity accounted investees	11 (a,c)	**2,376**	4,097	**3,836**	25,132
PROFIT / (LOSS) BEFORE ZAKAT		**38,422**	(220,684)	**(15,282)**	(617,512)
Zakat	14	**(11,250)**	(10,000)	**(33,750)**	(30,000)
PROFIT / (LOSS) FOR THE PERIOD		**27,172**	(230,684)	**(49,032)**	(647,512)
OTHER COMPREHENSIVE INCOME / (LOSS)					
Items that will be reclassified to condensed consolidated statement of profit or loss in subsequent periods:					
Share of other comprehensive (loss) / income of equity accounted investee	11	**(2,523)**	18,641	**7,954**	18,579
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**24,649**	(212,043)	**(41,078)**	(628,933)
Earnings / (loss) per share:					
Basic and diluted earnings / (loss) per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	7	**0.02**	(0.20)	**(0.04)**	(0.57)

Chairman Board of Directors	**Chief Executive Officer**	**Chief Financial Officer**

The attached notes 1 to 22 form integral part of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	**As at 30 September 2023 (Unaudited)**	As at 31 December 2022 (Audited)
ASSETS			
Non-current assets			
Property and equipment	8	**4,952,146**	5,064,924
Investment properties	9	**4,644,860**	4,739,035
Investment in equity accounted investees	11	**2,848,041**	2,586,740
Intangible assets		**3,718**	4,275
Right-of-use assets		**57,999**	57,291
Development properties	10	**438,735**	565,935
Unbilled revenue		**466,512**	588,849
Employees' receivable - Home Ownership Scheme		**56,077**	60,123
Restricted cash		**45,440**	45,389
Total non-current assets		**13,513,528**	13,712,561
Current assets			
Development properties	10	**876,175**	820,802
Unbilled revenue		**255,871**	154,676
Current portion of employees' receivable - Home Ownership Scheme		**4,004**	3,858
Trade receivables and other current assets	12	**557,401**	425,594
Cash and cash equivalents		**370,856**	82,141
Restricted cash – current portion		**8,670**	6,333
Total current assets		**2,072,977**	1,493,404
Total assets		**15,586,505**	15,205,965
EQUITY AND LIABILITIES			
Equity			
Share capital	1	**11,333,333**	11,333,333
Statutory reserve		**11,536**	11,536
Accumulated losses		**(4,731,170)**	(4,690,092)
Total equity		**6,613,699**	6,654,777
Non-current liabilities			
Loans and borrowings	13	**--**	76,917
Lease liabilities		**32,578**	25,815
Employee benefit obligation		**45,420**	40,841
Total non-current liabilities		**77,998**	143,573

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	**As at 30 September 2023 (Unaudited)**	As at 31 December 2022 (Audited)
Current liabilities			
Lease liabilities		**58,982**	55,448
Loans and borrowings – current portion	13	**6,650,429**	5,962,373
Short-term borrowings		**150,084**	201,765
Trade and other payables		**1,652,575**	1,809,318
Other liabilities	16 (d)	**138,941**	163,253
Zakat provision	14	**243,797**	215,458
Total current liabilities		**8,894,808**	8,407,615
Total liabilities		**8,972,806**	8,551,188
Total equity and liabilities		**15,586,505**	15,205,965

Chairman Board of Directors **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 22 form integral part
of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine-month period ended 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Accumulated losses	Total equity
Balance as at 1 January 2022 (Audited)	**11,333,333**	**11,536**	**(3,568,062)**	**7,776,807**
Loss for the period (Restated Note 20)	--	--	(647,512)	(647,512)
Other comprehensive income for the period	--	--	18,579	18,579
Total comprehensive loss for the period (Restated Note 20)	--	--	(628,933)	(628,933)
Balance as at 30 September 2022 (Unaudited) (Restated Note 20)	**11,333,333**	**11,536**	**(4,196,995)**	**7,147,874**
Balance as at 1 January 2023 (Audited)	**11,333,333**	**11,536**	**(4,690,092)**	**6,654,777**
Loss for the period	--	--	(49,032)	(49,032)
Other comprehensive income for the period	--	--	7,954	7,954
Total comprehensive loss for the period	--	--	(41,078)	(41,078)
Balance as at 30 September 2023 (Unaudited)	**11,333,333**	**11,536**	**(4,731,170)**	**6,613,699**

Chairman Board of Directors **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 22 form integral part
of these condensed consolidated interim financial statements.

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

	Notes	For the nine-month period ended 30 September 2023 (Unaudited)	2022 (Unaudited) (Restated Note 20)
Operating activities			
Loss before Zakat		**(15,282)**	(617,512)
Adjustments for:			
Depreciation on property and equipment	8	**146,142**	160,142
Depreciation on investment properties	9	**38,109**	37,963
Depreciation on right-of-use asset		**8,026**	7,988
Impairment loss on financial and contract assets		**18,138**	43,727
Amortisation		**557**	1,530
Financial charges		**336,315**	195,631
Share of results of equity accounted investees	11	**(3,836)**	(25,132)
Financial income		**(797)**	(11,605)
Interest income on unwinding of unbilled revenue	6	**(28,063)**	(22,447)
Gain on disposal of investment properties		**(4,940)**	--
Gain on disposal of property and equipment		**(3,017)**	--
Gain on contribution of land		**(28,224)**	--
Impairment reversal on investment properties	9	**(1,911)**	(10,636)
Impairment reversal on development properties		**(5,550)**	(13,704)
Interest income on unwinding of Employees' receivable – home ownership scheme		**842**	(1,055)
Provisions no longer required	6	**(43,500)**	--
Provision for employee benefit obligation		**7,225**	9,411
		420,234	(245,699)
Changes in operating assets and liabilities:			
Employees' receivable – home ownership scheme		**3,058**	9,894
Unbilled revenue		**49,205**	(16,275)
Development properties		**77,377**	20,255
Trade receivables and other current assets		**(149,945)**	99,127
Trade and other payable		**(341,649)**	(11,233)
Restricted cash		**(2,388)**	--
Other liabilities		**--**	124,228
Net cash generated / (used in) from operations		**55,892**	(19,703)
Financial charges paid		**(176,493)**	(129,781)
Finance charges on lease liabilities		**--**	(1,618)
Zakat paid	14	**(5,411)**	(23,887)
Employees' terminal benefits paid		**(2,646)**	(7,442)
Net cash used in operating activities		**(128,658)**	(182,431)
Investing activities			
Investment in short-term investment		**--**	(707,320)
Proceeds from short-term investment		**--**	707,320
Financial income received		**797**	--
Additions to property and equipment	8	**(44,072)**	(9,690)
Additions to investment properties	9	**(5,981)**	(5,610)
Proceeds from sale of investment properties		**62,917**	41,145
Proceeds from sale of property and equipment		**5,000**	--
Additions to intangible assets		**--**	(1,475)
Net cash generated from investing activities		**18,661**	24,370

EMAAR THE ECONOMIC CITY
(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)
For the three-month and nine-month periods ended 30 September 2023
(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

		For the nine-month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited) (Restated Note 20)
Financing activities			
Proceeds from loans and borrowings		**450,000**	15,242
Repayments of loans and borrowings		**(51,288)**	(16,408)
Repayment of lease liabilities		--	(9)
Net cash generated from / (used in) financing activities		**398,712**	(1,175)
Net increase / (decrease) in cash and cash equivalents		**288,715**	(159,236)
Cash and cash equivalents at the beginning of the period		**82,141**	348,154
Cash and cash equivalents at the end of the period		**370,856**	188,918
Non-cash supplementary information:			
Transfer from investment properties to development properties	9	**(13,765)**	(19,310)
Contribution of development property to the Fund	11	**249,511**	--

Chairman Board of Directors **Chief Executive Officer** **Chief Financial Officer**

The attached notes 1 to 22 form integral part
of these condensed consolidated interim financial statements.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION

Emaar The Economic City (the “Company" or the “Parent Company”) is a Saudi Joint Stock Company incorporated and operating in the Kingdom of Saudi Arabia (“KSA”) under Ministerial Decision No. 2533, dated 03 Ramadan 1427H, corresponding to 21 September 2006. The Company obtained its initial Commercial Registration No. 4030164269 on 8 Ramadan 1427H, corresponding to 26 September 2006.

The registered office of the Company has been shifted to Rabigh with a revised Commercial Registration No. 4602005884, dated 6 Rabi Awal 1436H, corresponding to 28 December 2014.

As of 30 September 2023 and 31 December 2022, the Company's authorized and issued share capital was Saudi Riyals 11,333.33 million consisting of 1,133.33 million shares of Saudi Riyals 10 each (2022: 1,133 million shares of Saudi Riyals 10 each), allocated as follows:

	Nine-month periods ended 30 September 2023		For the year ended 31 December 2022	
	No. of shares’ 000	**Capital**	No. of shares’ 000	Capital
Issued for cash	**680,000**	**6,800,000**	680,000	6,800,000
Issued for consideration in kind	**170,000**	**1,700,000**	170,000	1,700,000
Issue of shares following the conversion of long-term loan into equity	**283,333**	**2,833,333**	283,333	2,833,333
	1,133,333	**11,333,333**	1,133,333	11,333,333

These condensed consolidated interim financial statements comprise the financial statements of the Company and its subsidiaries (together referred to as the ‘Group’). The Group is engaged in the development of real estate in the economic or other zones and other development activities including infrastructure, promotion, marketing and sale of land within development areas, transfer/lease of land, development of buildings/housing units, and construction on behalf of other parties. The main activity of the Group is the development of the King Abdullah Economic City (“KAEC”).

These condensed consolidated interim financial statements include the results, assets and liabilities of the following registered branches of the Group:

Branch	**Commercial Registration Number**
Jeddah	4030164269
Riyadh	1010937549
Rabigh	4602006934

The Company has the following subsidiaries as at 30 September 2023. The Company and its subsidiaries are incorporated in the Kingdom of Saudi Arabia. The subsidiaries have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

		Effective ownership as at		
Name of subsidiaries	**CR number**	**30 September 2023**	31 December 2022	**Principal Activities**
Economic City Investments Company Limited ("ECIC")	4602006934	**100%**	100%	Marketing and sale of real estate properties including brokerage activities and operating educational and technical institutes.
Industrial Zones Development Company Limited ("IZDCL")	4602211995	**100%**	100%	Investment & development services in the real estate sector.
Economic City Real Estate Operation and Management Company Limited ("REOM")	4602004968	**100%**	100%	Marketing and sale of real estate and hospitality services.
Economic City Pioneer Real Estate Management Company Limited ("REM")	4602004970	**100%**	100%	Development of real estate and leasing services.
Economic City Real Estate Development Company Limited ("RED")	1010937549	**100%**	100%	Sale of real estate properties and providing hospitality, education and leisure services.
Emaar Knowledge Company Limited ("EKC")	4602006620	**100%**	100%	Operating educational and technical institutes.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their extraordinary General Assembly meeting for their ratification.

Going concern

The Group incurred a net loss of Saudi Riyals 49 million during the nine-month period ended 30 September 2023 (for the nine-month period ended 30 September 2022: loss of Saudi Riyals 647 million) and as of that date its current liabilities exceeded its current assets by Saudi Riyals 6,822 million (31 December 2022: current liabilities exceed current assets by Saudi Riyals 6,914 million). Furthermore, as of 30 September 2023, the Group had accumulated losses amounting to Saudi Riyals 4,731 million (31 December 2022: accumulated losses amounted to Saudi Riyals 4,690 million). In addition to this, the Group has not complied with the requirements of covenants related to long-term borrowing facilities during the nine-month period ended 30 September 2023, resulting in borrowings with outstanding balance of Saudi Riyals 3,414.8 million (also see Note 13) as at 30 September 2023 (31 December 2022: Saudi Riyals 2,574.4 million) being immediately due and payable on demand in accordance with the terms and conditions of the borrowing agreements. These conditions, along with certain other events as disclosed in the subsequent paragraphs, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. GENERAL INFORMATION (continued)

Going concern (continued)

King Abdullah Economic City ("KAEC" or the "City") was announced in 2005, and development began in 2006. The City is intended to be a hub for various economic sectors, including industry, logistics, and tourism. It is planned to include residential areas, commercial centres, and other amenities, such as schools, hospitals, and recreational facilities. KAEC has faced challenges related to investment and development, besides logistical and infrastructure challenges. Building a city from scratch on a large scale is a complex undertaking. However, over the years, the Group has done massive development in the City. Apart from the Industrial Valley, the City has six distinctive residential districts each with its unique construction, location and facilities. Further, the City has multiple fully developed and functional facilities like luxury hotels, 18-hole championship golf course, resorts, beaches, a cinema, yacht club, karting centre, lagoon campsite, art centre, retail, schools, college, medical facilities, labour village etc.

The Group is currently going through a restructuring and is focusing on the following:

a) Industrial Valley and Special Economic Zone (SEZ)

KAEC's Industrial Valley ("IV") is considered one of the most sought-after industrial and logistics destinations in the country benefiting from the close proximity to the King Abdullah Port ("KAP" or the "Port"), one of the largest and most advanced seaports in the region.

The sales and leasing activities for land in IV are demonstrating a positive trend over the past three years, which exhibit the increased demand in the area and reflects the increasing interest in the industrial warehousing and logistics sector as an asset class in the Kingdom of Saudi Arabia as the government has been trying to diversify the economy.

The direct link between the IV and King Abdullah Port in KAEC makes the IV a global logistics hub. It incorporates five industrial clusters: FMCG/foods, logistics, pharmaceuticals, plastics, and building materials. Additionally, it provides ready industrial lands connected to a state-of-the art infrastructure.

The IV is also now becoming a hub for Electric Vehicles (EV) and other automotive manufacturing companies in the Kingdom of Saudi Arabia.

Also, there are other auto vehicle manufacturing companies which are already operating in the IV. Further, the Group is currently in discussion with other local entities, interested in establishing an auto parts business, for sale of land.

On 13 April 2023, the Council of Economic and Development Affairs announced four Special Economic Zones (SEZ) in the Kingdom of Saudi Arabia, which also includes KAEC.

1. GENERAL INFORMATION (continued)

Going concern (continued)

a) Industrial Valley and Special Economic Zone (SEZ) (continued)

The SEZ will help KAEC's primary objective, which is to stimulate growth, boost residency rates and create economic activity within entire city. KAEC has access to geostrategic location at the heart of global trade routes, as 13% of global trade passes through the Red Sea and companies can easily connect into global supply chains here, utilizing existing, world-class infrastructure. A 60 square-kilometre area has been allocated for the landmark SEZ in KAEC, near Industrial Valley and King Abdullah Port, to provide businesses in premise a clear path to smooth and successful commercial activity. The SEZ will also provide tremendous opportunities for developing the local economy, generating jobs, stimulating exports, attracting FDI and localizing supply chains, in line with the Kingdom's national industrial strategy.

b) Non-Industrial Sector Development

In addition to the development of light industrial and logistics sectors in the Industrial Valley and SEZ, KAEC is also aiming to attract knowledge-based sectors such as training, education, and technology services. The city has already attracted several training companies and academies to support the tourism industry, and can capitalize on its connectivity to KAUST to support innovation and R&D for its industrial and logistics tenants. On the technology side, the city is well suited as a backup, disaster recovery and data center location, owing to its submarine cable connectivity and secondary location away from the major KSA metro areas. As technology services industries adopt a more remote/hybrid work culture, KAEC is also a suitable location to attract technology talent given the city's lifestyle advantages, yet short commute to major cities in the western region, such as Jeddah. It is also anticipated that the growth of KAP, IV and SEZ will create significant demand for technology services in the city.

c) Tourism

The Group is also working on making KAEC a leading Saudi tourist destination and to provide tourists with a wide-ranging leisure offering. KAEC will be positioned as a midscale to upper upscale leisure destination, capitalizing on its 42km of pristine Red Sea coastline and leisure assets including a world-class championship golf course, marina, exhibition center, motor track (in development) and other assets/activities on the ground. In the coming years, the Group intends to attract and/or partner with third party developers to develop additional hotels and resorts in the city, targeting a total of 5,000+ keys (cumulative) in the next 10 years. The city's aspirations in tourism are closely associated with the country's tourism ambitions as part of Vision 2030.

Aside from the sector focus of KAEC, going forward the Group will be much more focused on its role as master planner, master developer and primary infrastructure developer for KAEC, dedicating most of its efforts and resources on land development. In a departure from its past strategy, the Group will be very selective in its vertical real estate development and asset management activities, and will primarily rely on multiple third-party developers to build up the city.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern (continued)

c) Tourism (continued)

In asset management, the Group will aim to divest from some of its hospitality and leisure assets, in order to simplify its operations and create a level playing field for asset operators in the city. The sale of these assets will also support the financial restructuring efforts in the coming twelve-month period, as outlined below (see Collection from Existing Sales and Asset Divestment). In future, the Group may participate selectively in the asset development and management business (e.g. hospitality) through partnerships with other developers, along similar lines as the Rixos Emerald Shores projects outlined below. Overall, the Group is expected to benefit from the simplification of its business activities from several perspectives including financial (more capital efficient and higher risk-adjusted returns), operational and risk management.

The Group has signed a framework cooperation agreement with the Tourism Development Fund, "FTG Development Company", Albilad Investment Company and "Ekofine Holding BV" to establish a Saudi Riyals 1.8 billion closed end private investment fund ("Fund"). The Fund will be responsible to develop and operate a five-star comprehensive resort and hotel with a water park and luxury overwater villas under the brand of Rixos, one of the trademarks owned by Accor International. The Rixos Emerald Shores project is one of the largest tourist resorts targeted to be established in KAEC and is unique in the Kingdom of Saudi Arabia as it is planned that the resort will be constructed on a land of a total area of 275 thousand square meters. The Fund has been activated on 30 March 2023 (see Note 11).

Going concern plan

The Group had in the past significantly reduced its development activities pursuant to the continued overall lower economic activity in KAEC. Debt financing has been utilized to fund the development activities in KAEC and working capital requirements of the Group. The projected operating cash flows of the Group, for the next twelve-months, are insufficient to meet the repayment of debt and other obligations therefore the successful execution of management's plans to generate sufficient cash flows from debt restructuring, additional funding from shareholders and the sale of properties is important to meet both the Group's obligations when they become due and to continue its operations without significant curtailment. These events and conditions exacerbate that the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

As at 30 September 2023	Within 1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows
Loans and borrowings	**6,650,429**	--	--	--	**6,650,429**
Trade and other payables	**866,341**	--	--	--	**866,341**
Short term borrowings	**150,084**	--	--	--	**150,084**
Lease liabilities	**60,509**	**9,822**	**27,385**	--	**97,716**
Total	**7,727,363**	**9,822**	**27,385**	--	**7,764,570**

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern (continued)

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial statements, the Group's management has developed a plan which covers a period of at least twelve-months from 30 September 2023 to enable the Group to meet both its obligations as they become due and to continue its operations, without significant curtailment, as a going concern in both the short and long term.

Management has concluded that the Group will not be able to fully satisfy its cash requirements from the sale of properties alone and, accordingly, in such a scenario, the Group has already initiated discussions to restructure its borrowing facilities, which are elaborated below.

The plan comprises the Group's liquidity and forecasts cash flows taking into account reasonably possible outcomes over a twelve-month period from 30 September 2023. As per the forecasted cash flows, management expects that there will be no loan repayment in the next 12 months. The Group has a Board approved business transformation plan and expects that it will be able to restructure all of its loan agreements after submission of this plans to the lenders..

This plan principally includes:

Plan	Description	Amount (Saudi Riyals)	Details
Debt restructuring	Loan due to Ministry of Finance ("MoF") - Note 13	2,720 million	The Group is in discussion with the MoF to finalise a restructuring agreement to defer the repayment of the loan obligation amounting to Saudi Riyals 2,720 million, to be payable starting from June 2024, in six equal annual instalments, including interest due of Saudi Riyals 553.2 million classified under current liabilities. The Group has received an approval from the MoF, conditional upon signing of amendment to the original MoF loan agreement (which is under process as of 30 September 2023), wherein the MoF approved conversion of accrued interest, amounting to Saudi Riyals 553.2 million, as principal outstanding and deferral of the obligation, amounting to Saudi Riyals 2,720 million, with repayments starting from June 2024. Such conditional approval for conversion of SR 189 million (which is included in SR 553.2 million) was received during the period ended 30 September 2023.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern (continued)

Plan	Description	Amount (Saudi Riyals)	Details
Debt restructuring	Loan due to local banks - Note 13	3,414.8 million	The Group's obligations against lenders and banks carry financial covenants in respect of loans amounting to Saudi Riyals 3,414.8 million, disclosed in Note 13. During 2022, the Group did not comply with the requirements of covenants relating to long-term borrowing facilities. This position is unchanged in 2023. Consequently, the management has classified the outstanding obligation under current liabilities as at 30 September 2023. The Group has prepared a detailed business transformation plan and expects that it will be able to restructure all of its loan agreements after submission of the business transformation plan to the lenders. However, in the intervening period, the Group has applied for support from all of the commercial banks, during which the Group has requested the commercial banks to postpone the principal repayments of the existing borrowing facilities. The unused balance of the short-term borrowings facility as at 30 September 2023 amounted to Saudi Riyals 126.5 million (31 December 2022: Saudi Riyals 98.71 million).

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

1. GENERAL INFORMATION (continued)

Going concern (continued)

Plan	Description	Amount (Saudi Riyals)	Details
Additional financing	Loan from Public Investment Fund ("PIF") - Note 13	1,000 million	During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to Saudi Riyals 1,000 million to be repaid after 18 months through a single bullet payment at maturity. Financial costs on the facility is based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As at 30 September 2023, management has drawn down Saudi Riyals 450 million from this facility and expects to draw down additional amount of Saudi Riyals 550 million from this facility.

Based on the above plan, the Group has prepared a detailed cash flow forecast for the twelve-month period from the reporting date which indicates a net positive cash flow position, subject to non-repayment of any loan outstanding amounts and additional shareholder funding. Although, there is a material uncertainty related to the successful execution and conclusion of the above plan, management has considered a base case scenario only as management continues to believe projected cash flows plan through debt restructuring, covenant waivers and, raising additional funding from shareholders and sale of properties is probable and these plans will be successful and it remains appropriate to prepare the condensed consolidated interim financial statements on a going concern basis as the above plan mitigates any shortfall that may arise during the next 12 months. The financial statements do not contain any adjustments which may be required if the Group was unable to continue as a going concern. In the event that there are changes to the circumstances described above, further enhanced disclosures in the financial statements of the Group for subsequent periods may be required.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

2. BASIS OF PREPARATION (continued)

2.1 Statement of compliance (continued)

The condensed consolidated interim financial statements do not include all the information and disclosures required for the full set of annual financial statements. They should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, the results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared under the historical cost basis, unless stated otherwise, using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The Group's condensed consolidated interim financial statements are presented in Saudi Arabian Riyals, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. All figures are rounded off to the nearest thousands except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, costs, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The significant judgments made by management in applying the Group's accounting policies and the key assumptions concerning the future and other key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 December 2022.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED

The accounting policies used by the Group for the preparation of these condensed consolidated interim financial statements are consistent with those followed in preparation of the Company's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following amendments effective as at 1 January 2023 and do not have material impact on these condensed consolidated interim financial statements:

Standard, interpretation, amendments	**Description**	**Effective date**
Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8	The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	Annual periods beginning on or after January 01, 2023
Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction	These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.	Annual periods beginning on or after January 01, 2023.
IFRS 17, 'Insurance contracts', as amended in December 2021	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	Annual periods beginning on or after January 01, 2023.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

4. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED (continued)

New standards not yet effective

Standard, interpretation, amendments	**Description**	**Effective date**
Amendments to IAS 1, Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment.	Deferred until accounting periods starting not earlier than 1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures	Available for optional adoption/effective date deferred indefinitely
Amendments to IAS 21	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Amendment to IFRS 16, Lease Liability in a Sale and Leaseback	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions.	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

5. REVENUE

	Three-month periods ended 30 September		Nine-month periods ended 30 September	
	2023	2022	**2023**	2022
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Types of revenue from contracts with customers:				
Sale of development properties	**260,792**	(10,520)	**696,028**	(15,359)
Utilities and other related services (“City operations”)	**32,135**	29,909	**89,178**	98,893
Accommodation	**13,597**	11,344	**43,760**	44,884
Tuition and other fees (“Education”)	**12,376**	7,544	**33,261**	31,126
Food and beverages and other related services	**4,446**	2,998	**12,796**	12,103
Leisure services	**3,618**	2,515	**9,011**	9,208
Total	**326,964**	43,790	**884,034**	180,855
Timing of revenue recognition				
Over time	**316,483**	40,793	**862,227**	168,614
Point-in-time (*)	**10,481**	2,997	**21,807**	12,241
Revenue from contract with customers	**326,964**	43,790	**884,034**	180,855
Lease rental income				
Industrial	**9,448**	16,940	**35,139**	37,148
Residential	**4,558**	1,268	**7,173**	8,913
Total lease rental income	**14,006**	18,208	**42,312**	46,061
Total revenue	**340,970**	61,998	**926,346**	226,916

(*) Revenue from point-in-time includes food and beverage services amounting to Saudi Riyals 12.8 million and leisure services amounting to Saudi Riyals 9 million.

The Group has right to payment for performance completed to date, therefore as permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

6. OTHER OPERATING INCOME

The following are the main components of other income:

i) The Group has entered into an agreement (“the Agreement”) with two external parties to develop, finance and operate an academic educational institute at KAEC. In accordance with the terms of the Agreement, the net life cycle operating loss of the Institute is to be funded by one of the parties to the Agreement, to the extent of USD 58.5 million. During 2020, an additional funding of USD 16 million has been received. In addition, during the period ended 30 September 2023 an amount of USD 10 million (equivalent to SR 37.5 million) (30 September 2022: SR Nil) has been received and accounted for as ‘other income’.

6. OTHER OPERATING INCOME (continued)

ii) Unwinding of interest income on significant financing component amounting to SR 28 million (30 September 2022: SR 14.8 million).

iii) Reversal of provisions no longer required amounting to SR 43.5 million (30 September 2022: SR: Nil).

iv) During the period, income of SR 15.4 million is recorded due to cancellation of a sales contract resulting in the forfeiture of the collected amount. Moreover, the Group has entered into agreements with certain customers for the sale of investment properties resulting in a gain of SR 0.5 million (30 September 2022: SR 21.6 million).

7. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the net profit / (loss) for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings / (loss) per share is calculated by dividing the net profit / (loss) attributable to equity holders of the Parent Company (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Since the Group does not have any convertible shares, therefore, the basic earnings / (loss) per share equals the diluted earnings / (loss) per share. Moreover, no separate earnings / (loss) per share calculation from continuing operations has been presented since there were no discontinued operations during the period.

The earnings / (loss) per share calculation is given below:

	Three-month periods ended September 30		**Nine-month periods ended September 30**	
	2023 (Unaudited)	2022 **(Unaudited)** (Restated Note 20)	**2023 (Unaudited)**	2022 **(Unaudited)** (Restated Note 20)
Profit / (loss) for the period attributable to owners of the Company (Saudi Riyals '000')	**27,172**	(230,684)	**(49,032)**	(647,512)
Weighted average number of ordinary shares (in thousands)	**1,133,333**	1,133,333	**1,133,333**	1,133,333
Earnings / (loss) per share (Saudi Riyals) - Basic and Diluted	**0.02**	(0.20)	**(0.04)**	(0.57)

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

8. PROPERTY AND EQUIPMENT

	For the nine-month period ended 30 September 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Cost:		
At the beginning of the period/year	**7,081,788**	7,126,837
Additions during the period/year	**44,072**	1,474
Disposals during the period/year	**(2,502)**	--
Transfers during the period/year	**(8,725)**	(46,523)
At the end of the period/year	**7,114,633**	7,081,788
Accumulated depreciation and impairment:		
At the beginning of the period/year	**2,016,864**	1,761,845
Depreciation charge for the period/year	**146,142**	228,950
Disposal during the period/year	**(519)**	--
Impairment charge for the period/year	**--**	26,069
At the end of the period/year	**2,162,487**	2,016,864
Net book value at the end of the period / year	**4,952,146**	5,064,924

a) Included within property and equipment is capital work in progress amounting to Saudi Riyals 1,694 million (2022: Saudi Riyals 1,669 million) which mainly represents construction costs in respect of the infrastructure and other projects at KAEC.

b) During the year ended 31 December 2022, the Group had recognised an impairment loss, amounting to Saudi Riyals 26.1 million. During the nine-month period ended 30 September 2023, no impairment loss has been recognised.

The Group has relied on the impairment assessment performed as of 31 December 2022. Management of the Group believes that the recoverable value of the Group's properties did not significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2022, up to the nine-month period ended 30 September 2023.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

9. INVESTMENT PROPERTIES

Cost:	**For the nine-month period ended 30 September 2023 (Unaudited)**	For the year ended 31 December 2022 (Audited)
At the beginning of the period / year	**5,166,384**	5,203,291
Additions during the period / year	**5,981**	8,176
Transfer from PPE	**8,725**	--
Transfer to development properties (Note d)	**(13,765)**	(19,310)
Transfer to CWIP	**(52,031)**	--
Disposals during the period / year	**(8,942)**	(25,773)
At the end of the period/year	**5,106,352**	5,166,384
Accumulated depreciation and impairment:		
At the beginning of the period/year	**427,349**	371,549
Depreciation charge for the period/year	**38,109**	39,169
Impairment charge for the period/year	**--**	32,917
Reversal of impairment	**(1,911)**	(11,853)
Disposals during the period/year	**(2,055)**	(4,433)
At the end of the period/year	**461,492**	427,349
Net book value at the end of the period / year	**4,644,860**	4,739,035

a) Included within investment properties as at 30 September 2023 is capital work in progress amounting to Saudi Riyals 977 million (31 December 2022: Saudi Riyals 1,013.1 million) which represents assets under construction relating to a commercial centre's expansion and infrastructure development work on the land parcels.

b) As at 30 September 2023 the Group's investment properties with a carrying amount of Saudi Riyals 2,449 million (31 December 2022: Saudi Riyals 928 million) were mortgaged as collateral against loans and borrowings.

c) Following is the fair value and carrying amount of investment properties held for various purposes:

	Fair value		**Carrying amount**	
	30 September 2023 (Unaudited)	31 December 2022 (Audited)	**30 September 2023 (Unaudited)**	31 December 2022 (Audited)
Rental income	**6,470,417**	6,501,870	**1,843,137**	1,923,546
Currently undetermined future use	**29,124,116**	29,239,880	**2,801,723**	2,815,489
	35,594,533	35,741,750	**4,664,860**	4,739,035

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

9. INVESTMENT PROPERTIES (continued)

d) As at 30 September 2023 properties amounting to Saudi Riyals 13.76 million (31 December 2022: Saudi Riyals 19.3 million) were transferred from 'investment properties' to 'development properties' as they underwent a change in use, evidenced by commencement of development with a view to sell along with active marketing for such sale. The development of the properties was planned after the feasibility study and receipt of sale proposal and the basic infrastructure development in the surrounding area was already completed beforehand. Accordingly, these properties are classified and transferred to development properties.

e) As at 30 September 2023 and 31 December 2022, the Group has no contractual obligation for future repairs and maintenance which are not recognized as liability.

f) During the year ended 31 December 2022, the Group has recognised an impairment loss, amounting to Saudi Riyals 32.9 million. During the nine-month period ended 30 September 2023, no impairment loss has been recognised.

The Group has relied on the impairment assessment performed as of 31 December 2022. Management of the Group believes that the recoverable value of the Group's properties did not significantly change from the assessment performed for the purpose of the Group's last audited consolidated financial statements for the year ended 31 December 2022, up to the nine-month period ended 30 September 2023.

10. DEVELOPMENT PROPERTIES

	For the nine-month period ended 30 September 2023 (Unaudited)	For the year ended 31 December 2022 (Audited)
Cost incurred to - date – opening balance	**1,564,864**	1,591,949
Transferred from investment properties (Note 9 (d))	**13,765**	19,310
	1,578,629	1,611,259
Less: disposals	**(91,141)**	(46,394)
Less: provision for development properties	**(172,578)**	(178,128)
Total	**1,314,910**	1,386,737
Current portion of development properties	**876,175**	820,802
Non-current portion of development properties	**438,735**	565,935

10.1 Disposals from development properties are recognised as expense within cost of revenue.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

11. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The entities are incorporated in the Kingdom of Saudi Arabia which is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Effective ownership interest (%)		**30 September 2023 (Unaudited)**	31 December 2022 (Audited)
	30 September 2023	31 December 2022		
Investment in Ports Development Company "PDC" (see note (a) below)	**50%**	50%	**2,559,084**	2,540,950
Investment in Biyoutat Progressive Company for Real Estate Investment & Development ("Biyoutat") (see note (b) below)	**20%**	20%	**45,790**	45,790
Investment in Albilad Tourism Fund (see note (c) below)	**41.15%**	--	**243,167**	--
			2,848,041	2,586,740

a) Investment in PDC - Joint Venture

PDC is a closed joint stock company and is principally engaged in the development, finance, operation and maintenance of the King Abdullah Port through its own and third parties' resources.

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Beginning of the period / year	**2,540,950**	2,487,253
Share of profit for the period / year	**10,180**	25,046
Share of other comprehensive income for the period / year	**7,954**	28,651
End of the period / year	**2,559,084**	2,540,950

b) Investment in Biyoutat - Associate

Biyoutat is a limited liability company which was incorporated in 2016. It is principally engaged to build, own and manage a residential compound at KAEC. The Company has not yet started its operations. Hence, the share of results of Biyoutat for the period are insignificant for the Group.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

11. INVESTMENT IN EQUITY ACCOUNTED INVESTEES (continued)

c) Investment in Albilad Tourism Fund - Equity investment

During the nine-month period ended 30 September 2023, the Group invested in the Albilad Tourism Fund (the "Fund"). The Group entered into a property sale agreement to sell a prime beachfront land plot, in Murooj Golf Community District in KAEC, as an in-kind contribution to the Fund.

In return for the land sale, the Group acquired units in the Fund amounting to Saudi Riyals 269.2 million, representing 41.15% of the Fund's equity. The Fund's term is 12 years and is extendable up to 3 additional years. The Group has performed an assessment of the criteria to determine whether the Group has control over the Fund and concluded that the Group does not have control, but significant influence over the Fund. Accordingly, the Fund is being accounted as equity investment in the condensed consolidated interim financial statements for the nine-month period ended 30 September 2023.

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Initial investment	**269,204**	--
Elimination of share of profit on contribution of land (*)	**(19,693)**	--
	249,511	--
Share of loss for the period	**(6,344)**	--
Closing investment	**243,167**	--

(*) The amount pertains to profit derived by the Group on contribution of land to the Fund.

12. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Financial assets		
Trade receivables	**653,177**	670,731
Less: impairment on trade receivables	**(351,891)**	(334,362)
	301,286	336,369
Contribution receivable	**10,134**	15,134
Amounts due from related parties	**183,764**	18,874
Commission receivable on Murabaha term deposits	**1,880**	1,083
Others	**14,558**	15,754
	210,336	50,845
Non-financial assets		
Prepayments	**18,831**	12,523
Advances to suppliers	**19,655**	19,230
Others	**7,293**	6,627
	45,779	38,380
Trade receivables and other current assets	**557,401**	425,594

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

13. LOANS AND BORROWINGS

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
Ministry of Finance ("MoF") loan (Note (a) below)	**2,166,667**	2,166,667
Accrued commission	**610,630**	509,659
	2,777,297	2,676,326
Current portion	**(2,777,297)**	(2,676,326)
Non-current portion	**--**	--
Facility from local banks (Note (a) below)	**3,318,813**	3,317,889
Accrued commission	**95,970**	45,075
	3,414,783	3,362,964
Current portion	**(3,414,783)**	(3,286,047)
Non-current portion	**--**	76,917
Facility from a shareholder (Note (b) below)	**450,000**	--
Accrued commission	**8,349**	--
	458,349	--
Current portion	**(458,349)**	--
Non-current portion	**--**	--
Total long-term borrowings	**6,650,429**	6,039,290
Current portion of long-term borrowings*	**(6,650,429)**	(5,962,373)
Non-current portion of long-term loans	**--**	76,917

*The Group has not complied with the requirements of covenants related to long-term borrowing facilities, resulting in the borrowings with outstanding balance of Saudi Riyals 6,650 million as at 30 September 2023 being immediately due and payable on demand in accordance with the terms and conditions of the borrowings. Such borrowings have been classified as current portion in the above schedule.

(a) There are no changes in term and conditions of the borrowings from the consolidated financial statements for the year ended 31 December 2022.

(b) During February 2023, the Group signed a Term Loan Facility with one of its substantial shareholders, PIF, for up to Saudi Riyals 1,000 million to be repaid after 18 months through a single bullet payment at maturity. Financial costs on the facility will be based on SIBOR + spread. The loan contains a conversion option to equity, exercisable by PIF, subject to certain required approvals under the applicable laws and regulations. The loan is secured against certain real estate assets within KAEC. The loan facility will be used to finance specific critical expenses including strategic capital expenditures. As at 30 September 2023, the Group has drawn Saudi Riyals 450 million from this loan facility.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

13. LOANS AND BORROWINGS (continued)

The loan contains an embedded derivative due to the presence of a call option in the loan arrangement. As at 30 September 2023, management has assessed that the fair value of the embedded derivative is not material.

There are non-financial debt covenants related to the facility including cross-default clauses in respect of loan facilities with commercial banks. As at 30 September 2023, the Group was not in compliance with certain covenants and, accordingly, the borrowings are payable on demand and, therefore, have been classified as current liability in the accompanying condensed consolidated interim financial statements.

14. ZAKAT

Movement in provision

The movement in the Zakat provision is as follows:

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period / year	**215,458**	148,524
Charge for the period / year	**33,750**	99,508
Payments during the period / year	**(5,411)**	(32,574)
At the end of the period / year	**243,797**	215,458

14.1 Components of zakat base

The Company and its fully owned Saudi Arabian subsidiaries file zakat declarations on a consolidated basis. The significant components of the zakat base under zakat and income tax regulation are principally comprised of shareholders' equity, provisions at the beginning of period, loans and borrowings and estimated income subject to zakat, less deductions for the net book value of properties, plant and equipment, investment properties and certain other items. Zakat is payable at 2.58% of approximate zakat base (excluding adjusted net income for the period) and at 2.5% of the adjusted net income for the period.

14.2 Status of final assessments

There are no changes to the status of open zakat assessments, as at 30 September 2023, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

15. RELATED PARTY TRANSACTIONS

The Company, in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standard 24. Related parties represent major shareholders, directors, and key management personnel of the Group and entities controlled, jointly controlled, or significantly influenced by such parties. Transactions with related parties were carried out in the normal course of business on terms that were no more favourable than those available or which reasonably be expected to be available in similar transactions with non-related parties, i.e., equivalent to those that prevail in arm's length transactions. In addition to note 11, the following are the significant related party transactions during the period and the related balances:

Related party	Nature of transactions	Amounts of transactions for the three-month period ended		Amounts of transactions for the nine-month period ended		Balance as at	
		30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	**30 September 2023 (Unaudited)**	30 September 2022 (Unaudited)	**30 September 2023 (Unaudited)**	31 December 2022 (Audited)
Amounts due from related parties:							
Affiliates	Sale of land	**--**	--	**366,763**	--	**182,995**	--
	Lease rentals, utilities charges and others	**1,265**	--	**1,858**	172	**599**	18,163
Joint Venture	Lease rentals, utilities charges and others	**--**	2	**--**	2	**--**	581
Associate	Contribution of development property to the Fund	**--**	--	**269,204**	--	**--**	--
Key management personnel	Sale of properties	**--**	--	**--**	--	**--**	3
	Lease rentals, utilities charges and others	**91**	143	**97**	312	**99**	73
Board of Directors	Other	**5**	--	**14**	--	**71**	54
Total						**183,764**	18,874
Amounts due to related parties:							
Affiliates	Services provided to the Group	**--**	(7)	**177**	917	**1,022**	2,011
Key management personnel	Remuneration	**4,005**	5,194	**13,788**	17,549	**--**	--
	Others	**--**	--	**238**	--	**2**	--
Board of Directors	Remuneration and meeting fees	**1,100**	1,103	**3,300**	3,311	**3,300**	4,415
	Others	--	--	**--**	--	**16**	16
Total						**4,340**	6,442

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

15. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel of the Group

	Amounts of transactions for the three-month period ended		Amounts of transactions for the nine-month period ended	
	30 September 2023	30 September 2022	**30 September 2023**	30 September 2022
	(Unaudited)		(Unaudited)	
Short-term employee benefits	**3,469**	4,723	**11,617**	15,337
Non-monetary benefits	**184**	282	**702**	840
Post-employment benefits	**132**	189	**474**	627
Termination benefits	**220**	--	**995**	745
	4,005	5,194	**13,788**	17,549

Key management personnel comprise Chief Executive Officer and heads of departments. Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

16. CONTINGENT LIABILITIES AND COMMITMENTS

There are no changes in contingent liabilities and commitments, as 30 September 2023, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022, except as mentioned below:

(a) The Group has outstanding commitments related to future expenditure for the development of KAEC in the coming few years related to property and equipment, investment properties and development properties amounts to Saudi Riyals 172.66 million, Saudi Riyals 153.58 million and Saudi Riyals 72.48 million respectively (31 December 2022: Saudi Riyals 209.56 million, Saudi Riyals 148.69 million and Saudi Riyals 70.53 million respectively).

(b) The Group's outstanding commitments related to letter of guarantee and letters of credit amounting to Saudi Riyals 22.89 million and Saudi Riyals 1.5 million respectively (31 December 2022: Saudi Riyals 22.89 million and Saudi Riyals 25.18 million respectively).

(c) The Group's share in the capital commitments of the joint venture is Saudi Riyals 131.04 million (31 December 2022: Saudi Riyals 138.5 million).

(d) There are no changes to the status of litigations and claims, as at 30 September 2023, as disclosed in the Group's consolidated financial statements for the year ended 31 December 2022, except for the reversal of provision no longer required amounting to SR 24.3 million due to the decision of Court received during the period related to certain litigations.

17. SEGMENT REPORTING

Basis of segmentation

For management purposes, the Group has six strategic divisions, which are its operating segments. These divisions offer different products and/or services and are managed separately. Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (BOD) and CEO, (together chief operating decision maker, CODM). The CODM assesses the financial performance and position of the Group, and makes strategic decisions including resource allocation.

17. SEGMENT REPORTING (continued)

The CODM primarily uses a measure of profit / loss before tax to assess the performance of the operating segments. However, the CODM also receives information about the segments' revenue on a quarterly basis.

The profit / loss before tax of the Group's operating segments reported to the CODM are measured in a manner consistent with that in condensed interim consolidated statement of profit or loss and other comprehensive income. Hence, a reconciliation is therefore not presented separately.

Financial income charges are not allocated to operating segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

Reportable segments	Operations
Residential business	Includes revenue from sale/lease rental income of land and units for residential purposes.
Industrial development	Includes revenue from sale/lease rental income of land and units for commercial purposes and situated in industrial zone.
Hospitality and leisure	Includes room rent, food and beverages and other related services from operations of hotels, resorts and other leisure clubs.
Education services	Includes revenue from tuition and other fees from schools and colleges operated by the Group.
City operations	Includes revenue from utilities and other city management services by the Group in KAEC.
Corporate (Head office)	Activities of corporate office including selling, marketing and financing.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

17. SEGMENT REPORTING (continued)

Condensed consolidated statement of profit or loss and other comprehensive income:

	Residential business	Industrial development	Hospitality and leisure	Education	City Operations	Corporate	Adjustments & eliminations	Total
Nine-month period ended: **30 September 2023 (Unaudited)**								
Revenue								
External customers	459,313	244,156	103,753	33,583	22,445	63,096	--	**926,346**
Inter-segment	7,487	--	25,261	--	49,725	--	(82,473)	**--**
	466,800	**244,156**	**129,014**	**33,583**	**72,170**	**63,096**	**(82,473)**	**926,346**
Results								
Cost of inventories and services recognised as an expense	(91,574)	(65,523)	(49,354)	(1,710)	(56,662)	(35,025)	62,660	**(237,188)**
(Reversal of) / impairment loss on financial assets	(10,672)	(5,556)	4,719	4	(1,023)	(5,610)	--	**(18,138)**
Financial charges	(59)	--	(1,845)	(1,671)	--	(332,740)	--	**(336,315)**
Financial income	--	--	--	--	--	797	--	**797**
Depreciation	(26,463)	(16,810)	(50,495)	(10,577)	(1,883)	(86,049)	--	**(192,277)**
Amortisation	(17)	--	--	(28)	--	(512)	--	**(557)**
Share of results of equity accounted investee	--	--	--	--	--	3,836	--	**3,836**
Other (expenses) / income	(10,504)	21,283	(30,899)	(14,220)	(13,669)	(133,590)	19,813	**(161,786)**
Profit / (loss) before zakat	**327,511**	**177,550**	**1,140**	**5,381**	**(1,067)**	**(525,797)**	**--**	**(15,282)**

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

17. SEGMENT REPORTING (continued)

Condensed consolidated statement of profit or loss and other comprehensive income:

	Residential business	Industrial development	Hospitality and leisure	Education	City Operations	Corporate	Adjustments & eliminations	Total
Nine-month period ended: **30 September 2022 (Unaudited) (Restated Note 20)**								
Revenue								
External customers	47,577	50,549	77,390	31,145	20,255	--	--	226,916
Inter-segment	11,489	--	24,676	--	43,619	--	(79,784)	-
	59,066	50,549	102,066	31,145	63,874	--	(79,784)	226,916
Results								
Cost of inventories and services recognised as an expense	(62,779)	(14,669)	(48,936)	(3,674)	(55,670)	-	52,464	(133,264)
Impairment loss on financial assets	(31,120)	(11,690)	2,897	(1,884)	(1,813)	(117)	--	(43,727)
Financial charges	--	--	--	--	--	(195,631)	--	(195,631)
Financial income	--	--	--	--	--	1,602	--	1,602
Depreciation	(59,138)	(55,054)	(63,453)	(14,712)	(2,418)	(11,318)	--	(206,093)
Amortisation	(200)	--	--	(39)	--	(1,291)	--	(1,530)
Share of results of equity accounted investee	--	--	--	--	--	25,132	--	25,132
Other income / (expenses)	(44,231)	(11,125)	(43,254)	(57,787)	(13,930)	(147,910)	27,320	(290,917)
Loss before zakat	(138,402)	(41,989)	(50,680)	(46,951)	(9,957)	(329,533)	--	(617,512)

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

18. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments. The cash flows, funding requirements and liquidity of Group companies are monitored on a centralised basis, under the control of Group Treasury. The objective of this centralised system is to optimise the efficiency and effectiveness of the Management of the Group's capital resources. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank borrowings. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Discussion regarding the restructuring of the loans and repayment plans are already in progress with the lenders (Note 1).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

30 September 2023 (Unaudited)	**Less than 12 months (“000”)**	**More than 12 months (“000”)**	**Total (“000”)**
Loans	**6,800,513**	**--**	**6,800,513**
Lease liabilities	**60,509**	**37,208**	**97,717**
Accounts payable and accruals	**866,341**	**--**	**866,341**
	7,727,363	**37,208**	**7,764,571**

31 December 2022 (Audited)	Less than 12 months (“000”)	More than 12 months (“000”)	Total (“000”)
Loans	6,889,439	1,393,205	8,282,644
Lease liabilities	57,167	30,681	87,848
Accounts payable and accruals	822,680	--	822,680
	7,769,286	1,423,886	9,193,172

19. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

As at the reporting date, management believes that, in lieu of the tenor and interest rate profile (where applicable), the carrying value of Group’s financial assets and liabilities approximate their fair values and are measured at amortized cost.

20. RESTATEMENT OF COMPARATIVE INFORMATION

During the nine-month period ended 30 September 2023, the Group restated certain amounts and balances included in the prior period condensed consolidated interim financial statements in order to reflect appropriate accounting and classification. These restatements did not have any impact on the comparative consolidated statement of financial position. The details of each of such restatements have been summarised below:

Restatement - 1

In prior periods, management did not assess the unbilled lease receivable balances for expected credit losses (‘ECL’). In accordance with IFRS 9 - Financial Instruments, such balances of lease receivables are required to be assessed for ECL. During the year ended 31 December 2022, management had restated the opening and closing balances of unbilled lease receivable i.e., as at 01 January 2022 and 31 December 2022 by recognising the respective ECL.

As a result of this, the management has consequently adjusted these condensed consolidated interim financial statements for the respective impact of three and nine-month periods ended 30 September 2022 recognised in “impairment loss on financial and contract assets” in condensed consolidated interim statement of profit or loss and other comprehensive income.

Restatement - 2

The management had identified that there was no ECL recognised in respect of trade receivable balances ‘not yet due’. In accordance with IFRS 9 – Financial Instruments, such trade receivable balances ‘not yet due’ are required to be assessed for ECL. During the year ended 31 December 2022, management had restated the opening and closing balances of trade receivables i.e., as at 01 January 2022 and 31 December 2022 by recognising the respective ECL.

As a result of this, the management has consequently adjusted these condensed consolidated interim financial statements for the respective impact of three and nine-month periods ended 30 September 2022 recognised in “impairment loss on financial and contract assets” in condensed consolidated interim statement of profit or loss and other comprehensive income.

Restatement - 3

In prior periods, management had classified the depreciation of infrastructure assets, classified within property and equipment, as operating expenses.

During the nine-month period ended 30 September 2023, management assessed the nature of infrastructure assets and consequently reclassified the depreciation of infrastructure assets to ‘cost of revenue’ as this is used primarily to generate revenue in the preceding period.

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

20. RESTATEMENT OF COMPARATIVE INFORMATION (continued)

Effect on condensed consolidated interim statement of profit or loss and other comprehensive income

	Previously Reported	Restatement - 1	Restatement - 2	Restatement - 3	Restated
For the nine- month period ended 30 September 2022					
Cost of revenue	(277,791)	--	--	(89,841)	(367,632)
Gross loss	(50,875)	--	--	(89,841)	(140,716)
Impairment loss on financial and contract assets	(22,859)	(11,623)	(9,245)	--	(43,727)
Depreciation	(121,091)	--	--	89,841	(31,250)
Loss before zakat	(596,644)	(11,623)	(9,245)	--	(617,512)
Loss for the period	(626,644)	(11,623)	(9,245)	--	(647,512)
Total comprehensive loss for the period	(608,065)	(11,623)	(9,245)	--	(628,933)
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	(0.55)	(0.01)	(0.01)	--	(0.57)
For the three - month period ended 30 September 2022					
Cost of revenue	(85,533)	--	--	(29,939)	(115,472)
Gross loss	(23,535)	--	--	(29,939)	(53,474)
Depreciation	(39,887)	--	--	29,939	(9,948)
Impairment loss on financial and contract assets	(1,976)	(2,774)	(9,058)	--	(13,808)
Loss before zakat	(208,852)	(2,774)	(9,058)	--	(220,684)
Loss for the period	(218,852)	(2,774)	(9,058)	--	(230,684)
Total comprehensive loss for the period	(200,211)	(2,774)	(9,058)	--	(212,043)
Basic and diluted loss per share attributable to equity holders of the Parent Company (in Saudi Riyals per share)	(0.19)	--	(0.01)	--	(0.20)

(Expressed in thousands of Saudi Arabian Riyals, unless otherwise stated)

20. RESTATEMENT OF COMPARATIVE INFORMATION (continued)

Effect on condensed consolidated interim statement of changes in equity:

For the nine - month period ended 30 September 2022	**Previously Reported**	**Restatement - 1**	**Restatement - 2**	**Restated**
Accumulated losses - as at 1 January 2022	(3,568,062)	--	--	(3,568,062)
Loss for the period	(626,644)	(11,623)	(9,245)	(647,512)
Total comprehensive loss for the period	(608,065)	(11,623)	(9,245)	(628,933)
Total equity - as at 1 January 2022	7,776,807	--	--	7,776,807

21. SUBSEQUENT EVENTS

No matter has occurred up to and including the date of the approval of these condensed consolidated interim financial statements by the Board of Directors which could materially affect these condensed consolidated interim financial statements and the related disclosures for the three-month and nine-month periods ended 30 September 2023.

22. DATE OF APPROVAL AND AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on 9 November 2023, corresponding to 25 Rabi Al Thani 1445H.